

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

***San Diego, California***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY - September 29, 2004**

United States Attorney Carol C. Lam announced that a federal grand jury sitting in San Diego today returned a 13-count indictment charging Matthew Lotze, of Ramona, with wire fraud, introducing a banned hazardous substance into interstate commerce, making a false statement, and perjury. The charges arise from Lotze's resale of toy cars that Lotze had been hired by Chevron Texaco Corporation to destroy because the government had banned the toys as a choking hazard to young children.

According to the indictment, the U.S. Consumer Product Safety Commission determined in 1997 that the initial versions of the toy cars contained small parts that could break off and pose a choking hazard to children under the age of three. Chevron recalled about 600,000 of the toy cars, which were sold at Chevron gas stations under the names "Freddy 4-Wheeler," "Sam Sedan," "Wendy Wagon," and "Tony Turbo." Chevron then paid \$39,500 to Lotze's "liquidation" company, American Marketing Company, to destroy the toy cars.

The indictment alleges that Lotze provided Chevron with certificates of destruction, photographs, and a videotape purporting to document the cars' destruction, but then resold most of the toy cars to toy wholesalers in California, Iowa, and Minnesota, without telling them about the safety hazard. Lotze subsequently denied having resold the toy cars when questioned by Consumer Product Safety Commission investigators and during deposition testimony taken by Chevron.

United States Attorney Lam said, "Selling toys that posed a choking hazard to young children and then lying about those sales to federal investigators who were trying to track down the dangerous toys demonstrates a callous disregard for the public's health and safety."

The case is being prosecuted jointly by the U.S. Attorney's Office in San Diego and the Office of Consumer Litigation, which is part of the Department of Justice in Washington. The investigation was directed by the U.S. Consumer Product Safety Commission.

## **DEFENDANT**

Matthew Lotze

Case No. 04 CR 2560 JAH

## **SUMMARY OF CHARGES**

Counts 1 - 4: Wire Fraud, in violation of Title 18, United States Code, Section 1343

Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

Counts 5 - 10: Introduction of a Banned Hazardous Substance into Interstate Commerce, in violation of Title 15, United States Code, Sections 1263(a) and 1264(a)

Maximum Penalty: One year imprisonment; \$100,000 fine; one year supervised release

Count 11: False Statement, in violation of Title 18, United States Code, Section 1001

Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

Counts 12 - 13: Perjury, in violation of Title 18, United States Code, Section 1621

Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

## **AGENCY**

U.S. Consumer Product Safety Commission

**An indictment is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**

## **PUBLIC SAFETY WARNING**

If you possess any of the Chevron toy cars pictured below, keep the toy cars away from children younger than age three and immediately notify the U.S. Consumer Product Safety Commission at 800-638-2772.



Freddy 4-Wheeler



Wendy Wagon



Sam Sedan



Tony Turbo